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Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT  
 DISTRICT OF NEVADA**

In re:  
 USA COMMERCIAL MORTGAGE COMPANY,  
 Debtor.

Case No. BK-S-06-10725 LBR  
 Case No. BK-S-06-10726 LBR  
 Case No. BK-S-06-10727 LBR  
 Case No. BK-S-06-10728 LBR  
 Case No. BK-S-06-10729 LBR

In re:  
 USA CAPITAL REALTY ADVISORS, LLC,  
 Debtor.

In re:  
 USA CAPITAL DIVERSIFIED TRUST DEED  
 FUND, LLC,  
 Debtor.

Chapter 11

**Jointly Administered Under  
 Case No. BK-S-06-10725 LBR**

In re:  
 USA CAPITAL FIRST TRUST DEED FUND, LLC,  
 Debtor.

**MONTHLY OPERATING REPORT  
 FOR MAY 2007  
 (AFFECTS USA CAPITAL FIRST  
 TRUST DEED FUND, LLC)**

In re:  
 USA SECURITIES, LLC,  
 Debtor.

Affects:

- ☐ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☒ USA Capital First Trust Deed Fund, LLC
- ☐ USA Securities, LLC



**STATEMENT OF OPERATIONS****(General Business Case)**For the Month Ended 05/31/07

<b>Current Month</b>				<b>Cumulative (Case to Date)</b>	<b>Next Month Forecast</b>
<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>			
		\$0	<b>Revenues:</b>		
		\$0	1 Gross Sales	\$1,803,484	
\$0	\$0	\$0	2 less: Sales Returns & Allowances		
\$0		\$0	3 Net Sales	\$1,803,484	\$0
\$0	\$0	\$0	4 less: Cost of Goods Sold (Schedule 'B')		
\$40,366		\$40,366	5 Gross Profit	\$1,803,484	\$0
		\$0	6 Interest	\$288,046	
		\$0	7 Other Income:		
		\$0	8 Debt Forgiveness Income	\$121,772	
		\$0	9		
\$40,366	\$0	\$40,366	10 <b>Total Revenues</b>	\$2,213,302	\$0
		\$0	<b>Expenses:</b>		
		\$0	11 Compensation to Owner(s)/Officer(s)		
		\$0	12 Salaries		
		\$0	13 Commissions		
		\$0	14 Contract Labor		
		\$0	Rent/Lease:		
		\$0	15 Personal Property		
		\$0	16 Real Property		
		\$0	17 Insurance		
		\$0	18 Management Fees	\$0	
		\$0	19 Depreciation		
		\$0	Taxes:		
		\$0	20 Employer Payroll Taxes		
		\$0	21 Real Property Taxes		
		\$0	22 Other Taxes		
\$11,938		(\$11,938)	23 Other Selling	\$365,377	
		\$0	24 Other Administrative	\$49,129	
		\$0	25 Interest		
		\$0	26 Other Expenses:		
		\$0	27 Provision for Loan Losses	\$3,052,867	
		\$0	28 Loss on Sale of Assets	\$6,053,693	
		\$0	29 Settlement Costs with DTDF	\$847,776	
		\$0	30		
		\$0	31		
		\$0	32		
		\$0	33		
		\$0	34		
\$11,938	\$0	(\$11,938)	35 <b>Total Expenses</b>	\$10,368,842	\$0
\$28,428	\$0	\$28,428	36 <b>Subtotal</b>	(\$8,155,540)	\$0
		\$0	<b>Reorganization Items:</b>		
		\$0	37 Professional Fees	(\$5,294,877)	
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
		\$0	40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees	(\$20,750)	
		\$0	42		
\$0	\$0	\$0	43 <b>Total Reorganization Items</b>	(\$5,315,627)	\$0
\$28,428	\$0		44 <b>Net Profit (Loss) Before Federal &amp; State Taxes</b>	(\$13,471,167)	\$0
		\$0	45 Federal & State Income Taxes		
\$28,428	\$0	\$0	46 <b>Net Profit (Loss)</b>	(\$13,471,167)	\$0

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

**BALANCE SHEET**  
**(General Business Case)**  
For the Month Ended 05/31/07

**Assets**

		<u>From Schedules</u>	<u>Market Value<sup>1</sup></u>
<b>Current Assets</b>			
1	Cash and cash equivalents - unrestricted		\$10,434,249
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$0
4	Inventory	B	\$0
5	Prepaid expenses		
6	Professional retainers		
7	Other: <u>Overbid Allocation</u>		\$3,800,000
8			
9	<b>Total Current Assets</b>		\$14,234,249
<b>Property and Equipment (Market Value)</b>			
10	Real property	C	\$0
11	Machinery and equipment	D	\$0
12	Furniture and fixtures	D	\$0
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$0
15	Vehicles	D	\$0
16	Other: _____	D	
17	_____	D	
18	_____	D	
19	_____	D	
20	_____	D	
21	<b>Total Property and Equipment</b>		\$0
<b>Other Assets</b>			
22	Loans to shareholders		
23	Loans to affiliates		
24	_____		
25	_____		
26	_____		
27	_____		
28	<b>Total Other Assets</b>		\$0
29	<b>Total Assets</b>		\$14,234,249

**NOTE:**

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

**Liabilities and Equity**  
(General Business Case)

**Liabilities From Schedules**

**Post-Petition**

**Current Liabilities**

30	Salaries and wages		
31	Payroll taxes		
32	Real and personal property taxes		
33	Income taxes		
34	Sales taxes		
35	Notes payable (short term)		
36	Accounts payable (trade)	A	\$69,519
37	Real property lease arrearage		
38	Personal property lease arrearage		
39	Accrued professional fees		\$916,477
40	Current portion of long-term post-petition debt (due within 12 months)		
41	Other: _____		
42	_____		
43	_____		
44	<b>Total Current Liabilities</b>		<b>\$985,996</b>

**Long-Term Post-Petition Debt, Net of Current Portion**

46	<b>Total Post-Petition Liabilities</b>		<b>\$985,996</b>
----	--	--	------------------

**Pre-Petition Liabilities (allowed amount)<sup>1</sup>**

47	Secured claims <sup>1</sup>	F	\$0
48	Priority unsecured claims <sup>1</sup>	F	\$0
49	General unsecured claims <sup>1</sup>	F	\$0
50	<b>Total Pre-Petition Liabilities</b>		<b>\$0</b>
51	<b>Total Liabilities</b>		<b>\$985,996</b>

**Equity (Deficit)**

52	Retained Earnings/(Deficit) at time of filing		\$11,396,460
53	Capital Stock		
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		(\$13,471,167)
56	Post-petition contributions/(distributions) or (draws)		(\$39,681,273)
57	General and Limited Partners equity		\$55,004,233
58	Market value adjustment		
59	<b>Total Equity (Deficit)</b>		<b>\$13,248,253</b>
60	<b>Total Liabilities and Equity (Deficit)</b>		<b>\$14,234,249</b>

**NOTE:**

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

**SCHEDULES TO THE BALANCE SHEET**  
(General Business Case)

**Schedule A**

**Accounts Receivable and (Net) Payable**

<b>Receivables and Payables Agings</b>	<b>Accounts Receivable [Pre and Post Petition]</b>	<b>Accounts Payable [Post Petition]</b>	<b>Past Due Post Petition Debt</b>
0 -30 Days		\$0	
31-60 Days		\$38,894	
61-90 Days		\$30,625	\$69,519
91+ Days			
Total accounts receivable/payable	\$0	\$69,519	
Allowance for doubtful accounts			
Accounts receivable (net)	\$0		

**Schedule B**

**Inventory/Cost of Goods Sold**

<b>Types and Amount of Inventory(ies)</b>	<b>Inventory(ies) Balance at End of Month</b>	<b>Cost of Goods Sold</b>
		<b>Inventory Beginning of Month</b>
		Add -
Retail/Restaurants -		Net purchase
Product for resale		Direct labor
		Manufacturing overhead
Distribution -		Freight in
Products for resale		Other:
Manufacturer -		
Raw Materials		
Work-in-progress		
Finished goods		
		Less -
Other - Explain		Inventory End of Month
		Shrinkage
		Personal Use
		Cost of Goods Sold
		\$0
<b>TOTAL</b>	<b>\$0</b>	

**Method of Inventory Control**

Do you have a functioning perpetual inventory system?

Yes \_\_\_\_\_ No \_\_\_\_\_

How often do you take a complete physical inventory?

Weekly \_\_\_\_\_

Monthly \_\_\_\_\_

Quarterly \_\_\_\_\_

Semi-annually \_\_\_\_\_

Annually \_\_\_\_\_

Date of last physical inventory was \_\_\_\_\_

Date of next physical inventory is \_\_\_\_\_

**Inventory Valuation Methods**

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost \_\_\_\_\_

LIFO cost \_\_\_\_\_

Lower of cost or market \_\_\_\_\_

Retail method \_\_\_\_\_

Other \_\_\_\_\_

Explain \_\_\_\_\_

**Schedule C  
Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

**Schedule D  
Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0

Furniture & Fixtures -		
Total	\$0	\$0

Office Equipment -		
Total	\$0	\$0

Leasehold Improvements -		
Total	\$0	\$0

Vehicles -		
Total	\$0	\$0

**Schedule E**  
**Aging of Post-Petition Taxes**  
**(As of End of the Current Reporting Period)**

<b>Taxes Payable</b>	<b><u>0-30 Days</u></b>	<b><u>31-60 Days</u></b>	<b><u>61-90 Days</u></b>	<b><u>91+ Days</u></b>	<b><u>Total</u></b>
<b>Federal</b>					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total Federal Taxes</b>	\$0	\$0	\$0	\$0	\$0
<b>State and Local</b>					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total State &amp; Local Taxes</b>	\$0	\$0	\$0	\$0	\$0
<b>Total Taxes</b>	\$0	\$0	\$0	\$0	\$0

**Schedule F**  
**Pre-Petition Liabilities**

<b><u>List Total Claims For Each Classification -</u></b>	<b><u>Claimed<sup>1</sup></u></b> <b><u>Amount</u></b>	<b><u>Allowed<sup>2</sup></u></b> <b><u>Amount (b)</u></b>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims		

(a) List total amount of claims even if under secured.

(b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

**Schedule G**  
**Rental Income Information**  
**Not applicable to General Business Cases**

**Schedule H**  
**Recapitulation of Funds Held at End of Month**

	<b><u>Account 1</u></b>	<b><u>Account 2</u></b>	<b><u>Account 3</u></b>	<b><u>Account 4</u></b>
Bank	Bank of America	Bank of America		
Account Type	Analyzed Checking	Money Market		
Account No.	3755532435	3755547488		
Account Purpose	General	Money Market		
Balance, End of Month	\$56,365	\$10,377,884		
Total Funds on Hand for all Accounts	\$10,434,249			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

**NOTES:**

- 1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.



2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS****Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 05/31/07**

		<b>Actual Current Month</b>	<b>Cumulative (Case to Date)</b>
<b>Cash Receipts</b>			
1	Rent/Leases Collected		
2	Cash Received from Sales		\$54,810,247
3	Interest Received	\$40,366	\$288,046
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7			
8			
9			
10			
11			
12	<b>Total Cash Receipts</b>	<b>\$40,366</b>	<b>\$55,098,293</b>
<b>Cash Disbursements</b>			
13	Payments for Inventory		
14	Selling		
15	Administrative	\$36,093	\$79,914
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
	Rent/Lease:		
19	Personal Property		
20	Real Property		
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries		
22	Draws		
23	Commissions/Royalties		
24	Expense Reimbursements		
25	Other		
26	Salaries/Commissions (less employee withholding)		
27	Management Fees		\$0
	Taxes:		
28	Employee Withholding		
29	Employer Payroll Taxes		
30	Real Property Taxes		
31	Other Taxes		
32	Other Cash Outflows:		
33	Distributions to Shareholders	\$20,111,844	\$39,681,273
34	U.S. Trustee Quarterly Fees	\$7,500	\$20,750
35	Professional Fees Paid in Connection with Chapter 11 Case	\$250,502	\$4,382,107
36	Payment to USA Capital Diversified Trust Deed Fund		\$500,000
37			
38	<b>Total Cash Disbursements:</b>	<b>\$20,405,939</b>	<b>\$44,664,044</b>
39	<b>Net Increase (Decrease) in Cash</b>	<b>(\$20,365,573)</b>	<b>\$10,434,249</b>
40	<b>Cash Balance, Beginning of Period</b>	<b>\$30,799,822</b>	<b>\$0</b>
41	<b>Cash Balance, End of Period</b>	<b>\$10,434,249</b>	<b>\$10,434,249</b>

**STATEMENT OF CASH FLOWS**  
**(Optional) Increase/(Decrease) in Cash and Cash Equivalents**  
**For the Month Ended 05/31/07**

		<b>Actual Current Month</b>	<b>Cumulative (Case to Date)</b>
<b>Cash Flows From Operating Activities</b>			
1	Cash Received from Sales		\$54,810,247
2	Rent/Leases Collected		
3	Interest Received	\$40,366	\$288,046
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		
6	Cash Paid for Administrative Expenses	\$36,093	\$79,914
	Cash Paid for Rents/Leases:		
7	Personal Property		
8	Real Property		
9	Cash Paid for Interest		
10	Cash Paid for Net Payroll and Benefits		
	Cash Paid to Owner(s)/Officer(s)		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		
17	Employee Withholdings		
18	Real Property Taxes		
19	Other Taxes		
20	Cash Paid for General Expenses		
21	Distributions to Shareholders	\$20,111,844	\$39,681,273
22	Management Fees		\$0
23	Payment to USA Capital Diversified Trust Deed Fund		\$500,000
24			
25			
26			
27	<b>Net Cash Provided (Used) by Operating Activities before Reorganization Items</b>	<b>(\$20,107,571)</b>	<b>\$14,837,106</b>
<b>Cash Flows From Reorganization Items</b>			
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case	\$250,502	\$4,382,107
30	U.S. Trustee Quarterly Fees	\$7,500	\$20,750
31			
32	<b>Net Cash Provided (Used) by Reorganization Items</b>	<b>(\$258,002)</b>	<b>(\$4,402,857)</b>
33	<b>Net Cash Provided (Used) for Operating Activities and Reorganization Items</b>	<b>(\$20,365,573)</b>	<b>\$10,434,249</b>
<b>Cash Flows From Investing Activities</b>			
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	<b>Net Cash Provided (Used) by Investing Activities</b>	<b>\$0</b>	<b>\$0</b>
<b>Cash Flows From Financing Activities</b>			
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		
40	Capital Contributions		
41	Principal Payments		
42			
43	<b>Net Cash Provided (Used) by Financing Activities</b>	<b>\$0</b>	<b>\$0</b>
44	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(\$20,365,573)</b>	<b>\$10,434,249</b>
45	<b>Cash and Cash Equivalents at Beginning of Month</b>	<b>\$30,799,822</b>	<b>\$0</b>
46	<b>Cash and Cash Equivalents at End of Month</b>	<b>\$10,434,249</b>	<b>\$10,434,249</b>

**USA First Trust Deed Fund, LLC**  
**Question 9 - Payments to Professionals**  
**May 1, 2007 - May 31, 2007**

	<b>Total Paid During Month</b>
Shea & Carlyon LTD.	\$ 44,848.59
Stutman Treister & Glatt Professional Corporation	205,653.76
<b>Total Fees &amp; Expenses</b>	<b><u>\$ 250,502.35</u></b>